

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter Of:

APPLICATION OF CONTINENTAL)	
TELEPHONE COMPANY OF KENTUCKY)	CASE NO. 8694
TO ISSUE SECURITIES)	

O R D E R

On October 27, 1982, Continental Telephone Company of Kentucky ("Continental") filed its application seeking authority to borrow \$12,840,000 through the Federal Financing Bank ("FFB"), at an interest rate fixed by FFB with respect to each advance in accordance with the FFB statute and secured by a supplemental mortgage on most of its properties.

A loan guarantee commitment in the amount of \$12,840,000 has been obtained from the Rural Electrification Administration ("REA") on condition that the proceeds be used for the purposes set forth in the REA's letter of June 7, 1982. The loan funds are to be used to connect new subscribers and provide for other system improvements including installation of digital switches in three exchanges. Continental will spend \$28,656,000 of its general funds for plant and engineering costs or an amount sufficient to meet the subscriber projection in the loan guarantee.

The Commission, after consideration of the application and all evidence of record and being advised, is of the opinion and finds that Continental's proposed borrowing is for lawful objects within the corporate purposes of its utility operations, is necessary for and consistent with the proper performance of its service to the public and will not impair its ability to perform that service, and is reasonably necessary and appropriate for such purpose.

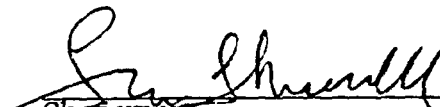
IT IS THEREFORE ORDERED that Continental be and it hereby is authorized to borrow \$12,840,000 from the United States of America, through the FFB, at an interest rate established by the FFB at the time of each advance on the basis of the determination of the Secretary of the Treasury and to mature in not more than 35 years, and to execute a promissory note and securing mortgage therefor.

IT IS FURTHER ORDERED that the proceeds from the borrowing authorized herein shall be used only for the lawful purposes as set out in the application and record.

Nothing contained herein shall be construed as a finding of value for any purpose or as a warranty on the part of the Commonwealth of Kentucky or any agency thereof as to the securities authorized herein.

Done at Frankfort, Kentucky, this 2nd day of December, 1982.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Secretary